

House File 682

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AN ACT

1 4 RELATING TO WINE BY PROVIDING FOR NATIVE WINE PERMITS,
1 5 PROVIDING WINE GALLONAGE TAX REVENUE TO SUPPORT GRAPE
1 6 AND WINE DEVELOPMENT, PROVIDING FOR FEES, AND PROVIDING
1 7 AN EFFECTIVE DATE AND RETROACTIVE APPLICABILITY.

1 8
1 9 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 10
1 11 Section 1. Section 123.3, Code 2003, is amended by adding
1 12 the following new subsection:

1 13 NEW SUBSECTION. 22A. "Native wine" means wine
1 14 manufactured in this state.

1 15 Sec. 2. Section 123.3, subsection 30, Code 2003, is
1 16 amended to read as follows:

1 17 30. "Retail wine permit" means a class "B" wine permit,
1 18 class "B" native wine permit, or class "C" native wine permit
1 19 issued under this chapter.

1 20 Sec. 3. Section 123.32, subsection 1, Code 2003, is
1 21 amended to read as follows:

1 22 1. FILING OF APPLICATION. An application for a class "A",
1 23 class "B", class "C", or class "E" liquor control license, for
1 24 a retail beer permit as provided in sections 123.128 and
1 25 123.129, or for a class "B", class "B" native, or class "C"
1 26 native retail wine permit as provided in section ~~123.176~~

1 27 ~~123.178, 123.178A, or 123.178B~~, accompanied by the necessary
1 28 fee and bond, if required, shall be filed with the appropriate
1 29 city council if the premises for which the license or permit
1 30 is sought are located within the corporate limits of a city,
1 31 or with the board of supervisors if the premises for which the
1 32 license or permit is sought are located outside the corporate
1 33 limits of a city. An application for a class "D" liquor
1 34 control license and for a class "A" beer or class "A" wine
1 35 permit, accompanied by the necessary fee and bond, if
2 1 required, shall be filed with the division, which shall
2 2 proceed in the same manner as in the case of an application
2 3 approved by local authorities.

2 4 Sec. 4. Section 123.56, subsection 1, Code 2003, is
2 5 amended to read as follows:

2 6 1. Subject to rules of the division, manufacturers of
2 7 native wines from grapes, cherries, other fruits or other
2 8 fruit juices, vegetables, vegetable juices, dandelions,
2 9 clover, honey, or any combination of these ingredients,
2 10 holding a class "A" wine permit as required by this chapter,
2 11 may sell, keep, or offer for sale and deliver the wine. Sales
2 12 may be made at retail for off-premises consumption when sold
2 13 on the premises of the manufacturer, or in a retail
2 14 establishment operated by the manufacturer ~~which is no closer~~
2 15 ~~than five miles from an existing native winery.~~ Sales may
2 16 also be made to class "A" or retail wine permittees or liquor
2 17 control licensees as authorized by the class "A" wine permit.

2 18 Sec. 5. Section 123.56, Code 2003, is amended by adding
2 19 the following new subsection:

2 20 NEW SUBSECTION. 6. Notwithstanding any other provision of
2 21 this chapter, a person engaged in the business of
2 22 manufacturing native wine may sell native wine at retail for
2 23 consumption on the premises of the manufacturing facility by
2 24 applying for a class "C" native wine permit as provided in
2 25 section 123.178B. A manufacturer of native wine may be
2 26 granted not more than one class "C" native wine permit.

2 27 Sec. 6. Section 123.127, subsection 1, paragraph c, Code
2 28 2003, is amended by striking the paragraph and inserting in
2 29 lieu thereof the following:

2 30 c. That the applicant is a person of good moral character
2 31 as defined by this chapter.

2 32 Sec. 7. Section 123.173, Code 2003, is amended to read as
2 33 follows:

2 34 123.173 WINE PERMITS == CLASSES == AUTHORITY.

2 35 Permits exclusively for the sale or manufacture and sale of
3 1 wine shall be divided into ~~two~~ four classes, and shall be
3 2 known as class "A", ~~or "B"~~, "B" native, or "C" native wine
3 3 permits.

3 4 A class "A" wine permit allows the holder to manufacture
3 5 and sell, or sell at wholesale, in this state, wine as defined

3 6 in section 123.3, subsection 37. The holder of a class "A"
3 7 wine permit may manufacture in this state wine having an
3 8 alcoholic content greater than seventeen percent by weight for
3 9 shipment outside this state. All class "A" premises shall be
3 10 located within the state. A class "B" or class "B" native
3 11 wine permit allows the holder to sell wine at retail for
3 12 consumption off the premises. A class "B" or class "B" native
3 13 wine permittee who also holds a class "E" liquor control
3 14 license may sell wine to class "A", class "B", and class "C"
3 15 liquor control licensees for resale for consumption on the
3 16 premises. ~~A class "B" wine permittee who also holds a class~~
~~3 17 "E" liquor control license may sell wine to class "A", class~~
~~3 18 "B", and class "C" liquor control licensees. Such wine sales~~
~~3 19 shall be~~ in quantities of less than one case of any wine brand
3 20 but not more than one such sale shall be made to the same
3 21 liquor control licensee in a twenty-four hour period. A class
3 22 "B" or class "B" native wine permittee shall not sell wine to
3 23 other class "B", or class "B" native wine permittees. A class
3 24 "C" native wine permit allows the holder to sell wine for
3 25 consumption on or off the premises.

3 26 A class "A" wine permittee shall be required to deliver
3 27 wine to a ~~class "B" retail~~ wine permittee, and a ~~class "B"~~
3 28 ~~retail~~ wine permittee shall be required to accept delivery of
3 29 wine from a class "A" wine permittee, only at the licensed
3 30 premises of the ~~class "B" retail~~ wine permittee. Except as
3 31 specifically permitted by the division upon good cause shown,
3 32 delivery or transfer of wine from an unlicensed premises to a
3 33 licensed ~~"B" retail~~ wine permittee's premises, or from one
3 34 licensed ~~"B" retail~~ wine permittee's premises to another
3 35 licensed ~~"B" retail~~ wine permittee's premises, even if there
4 1 is common ownership of all of the premises by one ~~class "B"~~
4 2 ~~retail~~ permittee, is prohibited. A class "B" or class "B"
4 3 native wine permittee who also holds a class "E" liquor
4 4 control license shall keep and maintain records for each sale
4 5 of wine to liquor control licensees showing the name of the
4 6 establishment to which wine was sold, the date of sale, and
4 7 the brands and number of bottles sold to the liquor control
4 8 licensee.

4 9 When a class "B" or class "B" native wine permittee who
4 10 also holds a class "E" liquor control license sells wine to a
4 11 class "A", class "B", or class "C" liquor control licensee,
4 12 the liquor control licensee shall sign a report attesting to
4 13 the purchase. The class "B" or class "B" native wine
4 14 permittee who also holds a class "E" liquor control license
4 15 shall submit to the division, on forms supplied by the
4 16 division, not later than the tenth of each month a report
4 17 stating each sale of wine to class "A", class "B", and class
4 18 "C" liquor control licensees during the preceding month, the
4 19 date of each sale, and the brands and numbers of bottles with
4 20 each sale. A class "B" permittee who holds a class "E" liquor
4 21 control license may sell to class "A", class "B", or class "C"
4 22 liquor control licensees only if the licensed premises of the
4 23 liquor control licensee is located within the geographic
4 24 territory of the class "A" wine permittee from which the wine
4 25 was originally purchased by the class "B" wine permittee.

4 26 Sec. 8. Section 123.174, Code 2003, is amended to read as
4 27 follows:

4 28 123.174 ISSUANCE OF WINE PERMITS.

4 29 The administrator shall issue ~~class "A" and "B"~~ wine
4 30 permits as provided in this chapter, and may suspend or revoke
4 31 a wine permit for cause as provided in this chapter.

4 32 Sec. 9. Section 123.175, Code 2003, is amended to read as
4 33 follows:

4 34 123.175 ~~CLASS "A"~~ APPLICATION CONTENTS.

4 35 Except as otherwise provided in this chapter, a class "A"
5 1 or retail wine permit shall be issued to a person who complies
5 2 with all of the following:

5 3 1. Submits a written application for the permit and states
5 4 on the application under oath:

5 5 a. The name and place of residence of the applicant and
5 6 the length of time the applicant has lived at the place of
5 7 residence.

5 8 b. That the applicant is a citizen of the state of Iowa,
5 9 or if a corporation, that the applicant is authorized to do
5 10 business in Iowa.

5 11 c. ~~The place of birth of the applicant, and if the~~
~~5 12 applicant is a naturalized citizen, the time and place of~~
~~5 13 naturalization, or if a corporation, the state of~~
~~5 14 incorporation. That the applicant is a person of good moral~~
5 15 character as defined by this chapter.

5 16 d. The location of the premises where the applicant

5 17 intends to use the permit.

5 18 e. The name of the owner of the premises, and if that
5 19 owner is not the applicant, that the applicant is the actual
5 20 lessee of the premises.

5 21 2. Establishes all of the following:

5 22 a. That the applicant meets the test of good moral
5 23 character as provided in section 123.3, subsection 26.

5 24 b. That the premises where the applicant intends to use
5 25 the permit conform to all applicable laws, health regulations,
5 26 and fire regulations, and constitute a safe and proper place
5 27 or building.

5 28 3. Submits, in the case of a class "A" wine permit, a bond
5 29 in the amount of five thousand dollars in the form prescribed
5 30 and furnished by the division with good and sufficient
5 31 sureties to be approved by the division conditioned upon
5 32 compliance with this chapter.

5 33 4. Consents to inspection as required in section 123.30,
5 34 subsection 1.

5 35 Sec. 10. Section 123.177, subsection 1, Code 2003, is
6 1 amended to read as follows:

6 2 1. A person holding a class "A" wine permit may
6 3 manufacture and sell, or sell at wholesale, wine for
6 4 consumption off the premises. Sales within the state may be
6 5 made only to persons holding a class "A" or "B" wine permit
6 6 and to persons holding a class "A", "B", "C" or "D" retail
6 7 liquor control license. However, if the person holding the
6 8 class "A" permit is a manufacturer of native wine, the person
6 9 may sell only native wine to a person holding a retail wine
6 10 permit or a retail liquor control license. A class "A" wine
6 11 permittee having more than one place of business shall obtain
6 12 a separate permit for each place of business where wine is to
6 13 be stored, warehoused, or sold.

6 14 Sec. 11. NEW SECTION. 123.178A AUTHORITY UNDER CLASS "B"
6 15 NATIVE PERMIT.

6 16 1. A person holding a class "B" native wine permit may
6 17 sell native wine only at retail for consumption off the
6 18 premises. Native wine shall be sold for consumption off the
6 19 premises in original containers only.

6 20 2. A class "B" native wine permittee having more than one
6 21 place of business where wine is sold shall obtain a separate
6 22 permit for each place of business.

6 23 3. A person holding a class "B" native wine permit may
6 24 purchase wine for resale only from a native winery holding a
6 25 class "A" wine permit.

6 26 Sec. 12. NEW SECTION. 123.178B AUTHORITY UNDER CLASS "C"
6 27 NATIVE PERMIT.

6 28 1. A person holding a class "C" native wine permit may
6 29 sell native wine only at retail for consumption on or off the
6 30 premises.

6 31 2. A class "C" native wine permittee having more than one
6 32 place of business where wine is sold and served shall obtain a
6 33 separate permit for each place of business.

6 34 3. A person holding a class "C" native wine permit may
6 35 purchase wine for resale only from a native winery holding a
7 1 class "A" wine permit.

7 2 Sec. 13. Section 123.179, Code 2003, is amended by adding
7 3 the following new subsections:

7 4 NEW SUBSECTION. 3. The annual permit fee for a class "B"
7 5 native wine permit is twenty-five dollars.

7 6 NEW SUBSECTION. 4. The annual permit fee for a class "C"
7 7 native wine permit is twenty-five dollars.

7 8 Sec. 14. Section 123.183, subsection 3, paragraph a, Code
7 9 2003, is amended to read as follows:

7 10 a. The revenue ~~actually~~ collected during each fiscal year
7 11 from the wine gallonage tax on wine imported into this state
7 12 at wholesale and sold in this state at wholesale that is in
7 13 excess of the revenue ~~estimated to be~~ collected from such tax
7 14 ~~as last agreed to by the state revenue estimating conference~~
7 15 during the previous fiscal year as provided in section 8.22A
7 16 shall be deposited in the grape and wine development fund as
7 17 created in section 175A.5. However, not more than seventy=
7 18 five thousand dollars from such tax shall be deposited into
7 19 the grape and wine development fund during any fiscal year.

7 20 Sec. 15. Section 123.176, Code 2003, is repealed.

7 21 Sec. 16. LEGISLATION TO BE SUBMITTED. The alcoholic
7 22 beverages division of the department of commerce shall submit
7 23 proposed legislation during the 2004 Regular Session of the
7 24 Eightieth General Assembly which shall make additional
7 25 conforming changes to chapter 123, and any other impacted
7 26 provisions of the Code of Iowa, to fully implement the
7 27 provisions of this Act.

7 28 Sec. 17. EFFECTIVE AND APPLICABILITY DATES.

7 29 1. This Act, being deemed of immediate importance, takes
7 30 effect upon enactment.

7 31 2. The section of this Act amending section 123.183 and
7 32 relating to the deposit of revenue collected from the wine
7 33 gallonage tax in the grape and wine development fund is
7 34 retroactively applicable to July 1, 2002. The revenue
7 35 collected during the fiscal year beginning on July 1, 2002,
8 1 and ending on June 30, 2003, from the wine gallonage tax on
8 2 wine imported into this state at wholesale and sold in this
8 3 state at wholesale as provided in section 123.183 that is in
8 4 excess of the revenue collected from such tax during the
8 5 fiscal year beginning July 1, 2001, and ending on June 30,
8 6 2002, shall be deposited in the grape and wine development
8 7 fund as created in section 175.5. However, not more than
8 8 seventy-five thousand dollars from such tax shall be deposited
8 9 into the fund.

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CHRISTOPHER C. RANTS
Speaker of the House

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MARY E. KRAMER
President of the Senate

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8 21 I hereby certify that this bill originated in the House and
8 22 is known as House File 682, Eightieth General Assembly.

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MARGARET THOMSON
Chief Clerk of the House

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8 28 Approved _____, 2003

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THOMAS J. VILSACK

8 32 Governor
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